

003 - AUDITOR-CONTROLLER

Operational Summary

Mission:

To promote public oversight, provide accountability, and support financial decision-making for the County.

Strategic Goals:

- To assist in controlling the financial risk faced by the County.
- To promote accountability by developing and enforcing systems of accounting controls.
- To anticipate and satisfy our stakeholders' and clients' needs for financial services and reliable information.
- To increase Countywide organizational effectiveness by making the appropriate investments in our staff and technology.

Key Outcome Indicators:

At a Glance:

Total FY 2005-2006 Projected Expend + Encumb:	16,005,007
Total Recommended FY 2006-2007	15,139,189
Percent of County General Fund:	0.51%
Total Employees:	409.00

Performance Measure	2005 Business Plan Results	2006 Business Plan Target	How are we doing?
RECEIVE UNQUALIFIED OPINION AND GFOA CERTIFICATE FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE CAFR. What: Measures the integrity and accuracy of the County's annual financial statements. Why: Provides assurance that the CAFR fairly presents the financial position of the County.	The County received both an unqualified opinion and the GFOA certificate for the FY 2003-2004 CAFR. The County received an unqualified opinion for FY 2004-2005 and expects to receive the GFOA certificate for the FY 2004-2005 CAFR.	The department plans to continue maintaining the books and records of the County in a manner that will ensure that the County receives an unqualified opinion and the GFOA certificate on its CAFR.	The department leads a countywide team in a successful implementation of significant new pronouncements from GASB in order to stay in compliance with financial reporting requirements and with generally accepted accounting principles.
99% OF ALL PROPERTY TAXES WILL BE ALLOCATED TO TAXING AGENCIES ON TIME. What: Measures ability to meet deadlines for computing property tax bills and allocating tax revenues. Why: Provides timely revenue to County taxing agencies that receive funding from tax revenues.	The department met all property tax deadlines, apportioning over \$4.9 billion in property taxes, penalties, special taxes/assessments, and interest to over 380 cities, schools, and special districts (including redevelopment projects) in 61 separate apportionments.	The department fully expects to meet all property tax deadlines.	Property tax apportionment deadlines continue to be met in spite of the complexity of the tax allocation process.

Key Outcome Indicators: (Continued)

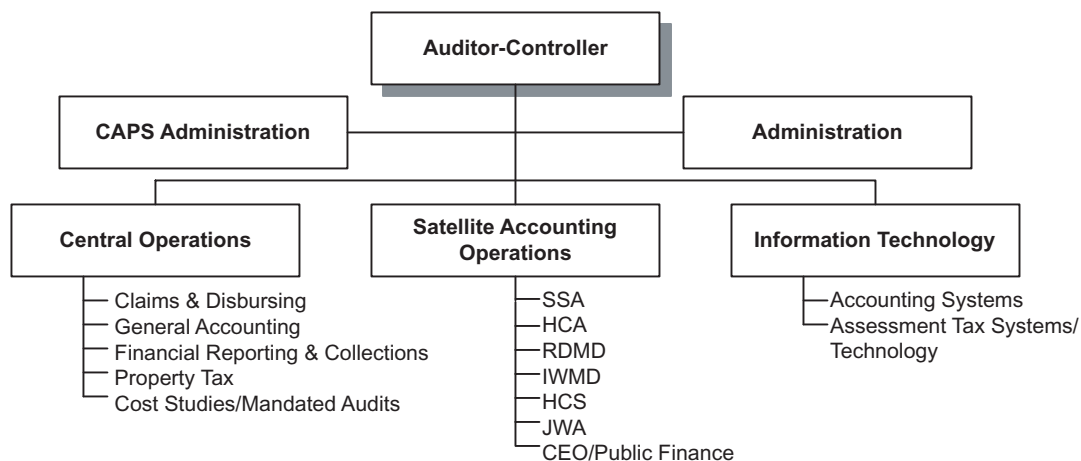
Performance Measure	2005 Business Plan Results	2006 Business Plan Target	How are we doing?
99% OF STATE AND FEDERAL CLAIMS WILL BE FILED IN TIME TO SATISFY CASH FLOW REQUIREMENTS. What: Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. Why: The amount of revenue associated with these claims is over \$1 billion.	The department achieved better than 99% compliance for FY 2004-2005.	The department will remain committed to timely submission of more than 1,600 required claims and reports, in order to maximize revenue, avoid penalties, and maintain funding for the many County programs, which rely on State and Federal participation.	State and Federal funds continue to be claimed in a timely manner.
ACHIEVE CAPS USER SATISFACTION WITH FINANCIAL AND PAYROLL SYSTEMS OF 90% OR HIGHER. What: Measure client satisfaction with support provided by AC Information Technology Staff. Why: To meet and exceed expectations of CAPS users.	Survey was distributed to approximately 1,800 CAPS users. We received 468 responses. Measured satisfaction in key functional areas (Payroll, Job Cost, Claims Processing, etc.). Satisfaction was at 98% for Staff Support and 96% for Quality of Information Provided.	Continue conducting an annual survey to stay on track and address clients' needs.	For the third year, distribution of the survey was substantially increased. The results continue to be outstanding. The feedback provided through comments will allow us to focus on areas requiring further improvement.
REDUCE HARD COPY/FICHE PRINTING/DISTRIBUTION COST BY 20%. What: Measures reduction of report preparation and access costs due to new imaging technology. Why: Ready access to report information coupled with ability to extract report information for other uses	Countywide rollout of WebERMI has been completed. User training substantially completed. Expanded usage of Data Mining. Resulting savings for report print and distribution was approximately \$186,000 for FY 2004-2005 beating a projection savings of \$120,000.	Continue reductions as warranted. A new measure will be established to reduce internal and external keypunch by 80%, see next key outcome indicator.	Over the past two years we have turned off printing of over 90% of hardcopy reports and microfiche. With a few exceptions, the remaining print jobs are for laser printed forms, turn around documents, and reports requiring a printed hard copy.
REDUCE INTERNAL AND EXTERNAL KEYPUNCH BY 80%. What: Measures reduction in use of internal and external keypunch. Why: Direct entry into the system eliminates the need for double entry of data and a paper based process.	New measure.	Reduce or eliminate data entry for Journal Vouchers, Mileage Claims and Deposit Orders. Reduce timecard data entry services through further implementation of VTI.	RFP for software has been issued and review team will complete selection process in Q4 FY 2005-2006.

FY 2005-06 Key Project Accomplishments:

- Maintained appropriation control over a \$4.2 billion budget.
- Successful implementation of the 2005 succession plan.
- Helped oversee the county's control structure through the Audit Oversight Committee.
- As chair of State Auditor Controller Association's legislative committee, assisted in preventing costly and needless legislation detrimental to the County.
- Hosted annual State Controller's Conference with County Auditors.
- Participated in the State Association of County Auditors as the President.

- Promoted the accounting profession at the national and state level by active participation in the Western Intergovernmental Audit Forum and the National Intergovernmental Audit Forum.
- Met daily, biweekly, monthly or other deadlines for basic services such as payroll, property tax distributions, vendor payments, revenue collection and reporting, appropriation/budget control, reports to the Board, and submission of State and Federal reports.
- Successfully allocated \$4.9 billion in property taxes.
- Participated in the oversight of the county's \$5.2 billion investment pool.
- Completed the County's FY 2004-05 CAFR and component unit financial statements in compliance with Generally Accepted Accounting Principles (GAAP) by scheduled deadlines with unqualified audit opinions for all statements. Anticipate receiving the GFOA Certificate of Achievement for excellence in financial reporting for the CAFR for FY 2004-2005.
- Completed site visits with department heads of host departments/agencies to assess satisfaction in meeting their accounting needs. Received feedback that the department is meeting the accounting needs of host departments/agencies as they were requested and agreed to, including claiming, payroll, reconciliations, cash monitoring, etc.
- Worked with CEO and HCA on implementation of Health Insurance Portability and Accountability Act (HIPAA) requirements, including the Security Rule phase.
- Automating the upload of summary billing invoices into the CUTS System for SCE and Cal Net.
- Implementation of on-line chart of accounts.
- Completed mandated, department wide NIMS Training.
- Continued employee recognition program that allows managers, supervisors and employees to acknowledge outstanding achievement. Continued publication of quarterly newsletter to increase communication throughout the department.
- Successful pilot implementation of internet based office supplies procurement/invoicing system.
- Converted all VTI agencies to version 4.0 and consolidated to a single server.

Organizational Summary



Central Operations - This division provides the core accounting activities required of the Auditor-Controller which benefit the County as a whole, including: apportionment of property taxes for all County tax-receiving agencies; providing payroll and claims processing for the benefit of all County departments; accounts receivable and collections functions for many County departments; Cost Studies and Mandated Audits Section, which prepares the County's annual Countywide Cost Allocation Plan (CWCAP) that is utilized for cost reimbursement claiming purposes by most County departments; and preparation of the County's annual financial statements. With the exception of Collections/Accounts Receivable, which is cost-applied to client departments, the core services provided by the Accounting Operations and Reporting division are financed by general-purpose revenues of the General Fund.

Satellite Accounting Operations - This division supports seven other agencies/departments by providing outstationed specialized accounting/financial services. The outstationed agency/department accounting support sections are entirely funded by host agencies that have outside revenue sources.

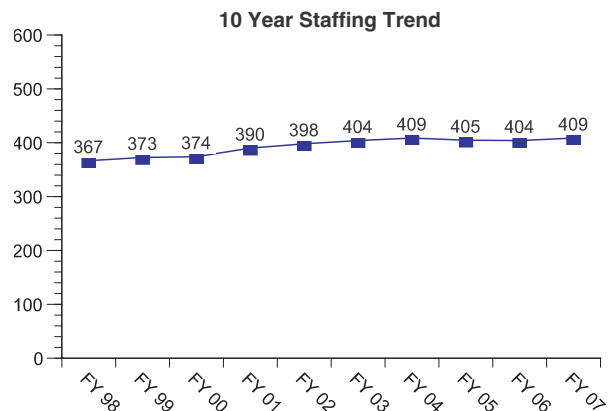
Caps Administration - CAPS Administration provides administrative support for the County Accounting and Personnel System (CAPS). This function is assigned to the Auditor-Controller but represents the interests of all owner organizations: CEO/CFO, CEO/Human Resources, and the Auditor-Controller.

Executive Management - This section includes the executive management team that provides leadership and direction for the department. It consists of the Auditor-Controller, Chief Assistant Auditor-Controller, their secretaries, and the Communications/Staff Development Coordinator.

Information Technology - The Information Technology division is responsible for the implementation, maintenance and upgrade of the County's central accounting and financial systems, as well as the development of other accounting-related systems.

Administration - This division includes human resources, purchasing, budget management, and administrative support and staff services. This division provides central administrative and staff support to the rest of the department.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 97/98 - Restructure resulted in a net decrease of 10 positions.
- FY 98/99 - Added 6 positions to Agency Accounting with no NCC effect.
- FY 99/00 - Added 1 position in the central office as additional clerical support for purchasing and HR function.
- FY 00/01 - Added 26 positions that were transferred in from HCA with no NCC effect. Added 1 Limited Term position for GASB 34 implementation. Eliminated 10 positions that were transferred to CEO/HR with no NCC effect. Eliminated 1 position from central office.
- FY 00/01 Mid year adjustments - In November 2000, added 2 Limited Term positions for GASB 34 implementation, added 1 HR manager, added 1 Systems Analyst for ATS, added 1 limited term for DA/Family Support study, deleted 2 positions in SSA Accounting Services. In February 2001, added 3 positions due to Systems reorganization. In May 2001, deleted 1 limited term DA/FS position, added 1 position in PF&RD Accounting for Dana Point leases. Base budget of 396 positions.
- FY 01/02 - Added 1 position in General Ledger, added 1 limited term position in Information Technology for the CAPS upgrade.

- FY 01/02 Mid year adjustments - Added 1 position in CSA Accounting for the Area Agency on Aging, added 2 positions in PF&RD Accounting for Dana Point leases, added 1 position to HCA Accounting for Medi-Cal Administrative Activity/Targeted Case Management, and added 1 position transferred to SSA Accounting from SSA for a collection officer. Base budget of 403 positions.
- FY 02/03 - Added 1 Sr. Systems Programmer/Analyst in the Information Technology division.
- FY 02/03 Mid Year Adjustment - Added 1 limited term Sr. Accountant/Auditor II added to Information Technology to support CAPS fit analysis and CAPS Upgrade. Base budget of 405 positions.
- FY 03/04 - Added 1 Sr. Accountant/Auditor I and 1 Accounting Assistant II to Planning and Development Services Department Accounting and added 2 Accounting Assistant II positions to HCA Accounting (converting 2 extra help positions to regular status).
- FY 03/04 Mid Year Adjustment - Added 3 Senior Accounting Assistants, transferred from RDMD to RDMD Accounting, deleted 6 vacant Accounting Assistant II positions from SSA Accounting, deleted 3 vacant Accounting Assistant II, 2 vacant Office Assistants and 1 vacant Office Technician from HCA Accounting/CCS. Base budget is 400 positions.
- FY 04/05 - Added 3 Accounting Assistant II positions and 1 Accounting Office Supervisor, transferred from SSA to SSA Accounting. Added 1 Senior Accountant/Auditor II in the Information Technology division, effective January 1, 2005.
- FY 04/05 Mid Year Adjustment - Deleted 1 vacant, limited term Accounting Assistant II from HCA Accounting. Base budget is 404 positions.
- FY 05/06 - Added 2 Systems Programmer/Analyst positions in Information Technology; added 1 Accounting Technician in JWA Accounting; added 1 Accounting Technician in RDMD Accounting/Santa Ana River; added 1 Accountant/Auditor II in RDMD Accounting/Dana Point; added 1 Accountant/Auditor II and 1 Administrative Manager in RDMD Accounting/Water-shed.
- FY 05/06 Mid Year Adjustment - Added 1 Senior Accountant-Auditor I position, transferred from RDMD to RDMD Accounting; added 1 Accounting Technician

position in General Ledger Unit; deleted 1 Accounting Assistant II, 2 Office Assistants, and 1 Utility Worker/Driver positions from SSA Accounting. Base budget is 409 positions.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Although the Auditor-Controller does not have responsibility for a specific priority item, the department budget reflects support of the overall priorities including initiation, implementation and continued support of several technology projects designed to enhance overall efficiency and enable data gathering and processing to be more efficient throughout the County.

Changes Included in the Recommended Base Budget:

The budget request continues to reflect the Auditor-Controller's desire to increase the usefulness and accessibility of financial systems. As County departments change and re-engineer their business processes to increase efficiencies and implement new technologies, the Auditor-Controller is consistently working to control risk at the appropriate level. As County departments are now struggling to maintain or reduce their budgets and operating costs continue to increase, the Auditor-Controller will work to ensure that all risk controlled measures are comprehensively enforced, and that the gate-keeping function of the office remains secure.

The Auditor-Controller department is limited to a 3% growth budget. The base budget request includes significant increases in retirement costs. The department manages budget resources through analysis of requirements and allocation of resources according to service priorities. Employer retirement contributions are expected to increase 46% in FY 2006-2007.

Requested Budget Augmentations and Related Performance Results:

Unit Amount	Description	Performance Plan	BRASS Ser.
Equipment Purchase for Conference/ Training Center Capital Project Amount:\$ 60,000	Purchase office furniture/equipment including tables, chairs, two projectors for conf/training room	Provide accommodations for an occupancy of 75+ for training associated with the CAPS, ATS, IP3	5077

Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Total Positions	404	409	409	409	0	0.00
Total Revenues	6,617,942	6,990,665	6,914,786	7,615,303	700,517	10.13
Total Requirements	14,457,152	16,182,797	16,868,628	15,139,189	(1,729,439)	-10.25
Net County Cost	7,839,209	9,192,132	9,953,842	7,523,886	(2,429,956)	-24.41

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Auditor-Controller in the Appendix on page A11

Highlights of Key Trends:

■ The Auditor-Controller workload increases proportionately with the addition and expansion of County programs and with the general growth in the County budget and number of positions. Workload also increases as a result of requests from client departments for new and enhanced services and for interfaces with our automated systems.

■ Significant information technology department development work will continue for the basic financial systems that manage the County. The Assessment Tax System is in the process of being totally rewritten. The County Accounting and Personnel Systems are also being analyzed for replacement. Additional resources to support these projects will be required.

Budget Units Under Agency Control:

No.	Agency Name	Central Operations	Satellite Accounting Operations	Caps Administration	Executive Management	Information Technology	Administration	Total
003	Auditor-Controller	6,853,015	4,123,874	0	646,883	2,415,559	1,099,858	15,139,189
014	CAPS Program	15,369,200	0	0	0	0	0	15,369,200
14A	Option B Pool Participants Registered Warrants	16,855	0	0	0	0	0	16,855
14C	Class B-27 Registered Warrants	32,267	0	0	0	0	0	32,267
15Q	Pension Obligation Bond Amortization	16,000,000	0	0	0	0	0	16,000,000
15W	1996 Recovery Certificates of Participation (A)	3,290,897	0	0	0	0	0	3,290,897
15Z	Plan of Adjustment Available Cash	8,851,951	0	0	0	0	0	8,851,951
	Total	50,414,185	4,123,874	0	646,883	2,415,559	1,099,858	58,700,359

003 - Auditor-Controller

Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Revenue from Use of Money and Property	\$ 23,717	\$ 0	\$ 15,000	\$ 12,000	\$ (3,000)	-20.00%
Charges For Services	6,547,920	6,990,665	6,857,143	7,581,303	724,160	10.56
Miscellaneous Revenues	46,306	0	42,643	22,000	(20,643)	-48.41
Total Revenues	6,617,942	6,990,665	6,914,786	7,615,303	700,517	10.13
Salaries & Benefits	25,078,810	26,534,868	26,111,692	27,618,621	1,506,929	5.77
Services & Supplies	2,913,488	3,795,948	4,520,725	4,090,410	(430,315)	-9.52
Fixed Assets	21,385	30,000	15,000	15,000	0	0.00
Intrafund Transfers	(13,556,532)	(14,178,019)	(13,778,789)	(16,584,842)	(2,806,053)	20.37
Total Requirements	14,457,152	16,182,797	16,868,628	15,139,189	(1,729,439)	-10.25
Net County Cost	\$ 7,839,209	\$ 9,192,132	\$ 9,953,842	\$ 7,523,886	\$ (2,429,956)	-24.41%

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Proposed Budget Summary of Central Operations:

Revenues/Appropriations	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Revenue from Use of Money and Property	\$ 23,717	\$ 0	\$ 15,000	\$ 12,000	\$ (3,000)	-20.00%
Charges For Services	2,583,730	2,629,664	2,565,824	2,836,131	270,307	10.53
Miscellaneous Revenues	43,892	0	32,548	22,000	(10,548)	-32.41
Total Revenues	2,651,339	2,629,664	2,613,372	2,870,131	256,759	9.82
Salaries & Benefits	6,212,807	6,609,043	6,390,722	6,712,596	321,874	5.04
Services & Supplies	978,198	1,395,563	1,999,311	1,394,816	(604,495)	-30.24
Fixed Assets	21,385	30,000	15,000	15,000	0	0.00
Intrafund Transfers	(1,237,015)	(1,294,873)	(1,247,619)	(1,269,397)	(21,778)	1.75
Total Requirements	5,975,374	6,739,733	7,157,414	6,853,015	(304,399)	-4.25
Net County Cost	\$ 3,324,036	\$ 4,110,069	\$ 4,544,042	\$ 3,982,884	\$ (561,158)	-12.35%

Proposed Budget Summary of Satellite Accounting Operations:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	Change from FY 2005-2006		
		FY 2004-2005	Budget	Projected ⁽¹⁾	FY 2006-2007	Projected	
		Actual	As of 3/31/06	At 6/30/06	Recommended	Amount	Percent
Charges For Services	\$	3,607,889	\$ 3,988,689	\$ 3,887,448	\$ 4,345,352	\$ 457,904	11.78%
Miscellaneous Revenues		90	0	0	0	0	0.00
Total Revenues		3,607,979	3,988,689	3,887,448	4,345,352	457,904	11.78
Salaries & Benefits		14,960,097	15,578,997	15,449,881	16,359,498	909,617	5.89
Services & Supplies		223,883	446,821	386,192	839,615	453,423	117.41
Intrafund Transfers		(11,573,141)	(12,115,552)	(12,012,010)	(13,075,239)	(1,063,229)	8.85
Total Requirements		3,610,838	3,910,266	3,824,063	4,123,874	299,811	7.84
Net County Cost	\$	2,860	\$ (78,423)	\$ (63,385)	\$ (221,478)	\$ (158,093)	249.42%

Proposed Budget Summary of Caps Administration:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	Change from FY 2005-2006		
		Budget	Projected ⁽¹⁾	FY 2006-2007	Projected		
	Actual	As of 3/31/06	At 6/30/06	Recommended	Amount	Percent	
Salaries & Benefits	\$ 352,987	\$ 365,016	\$ 361,473	\$ 391,504	\$ 30,031	8.31%	
Services & Supplies	14,567	34,028	32,636	32,015	(621)	-1.90	
Intrafund Transfers	(371,155)	(399,044)	(390,507)	(423,519)	(33,012)	8.45	
Total Requirements	(3,602)	0	3,602	0	(3,602)	-100.00	
Net County Cost	\$ (3,602)	\$ 0	\$ 3,602	\$ 0	\$ (3,602)	-100.00%	

Proposed Budget Summary of Executive Management:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2005-2006		Change from FY 2005-2006				
	Actual		Budget		Projected ⁽¹⁾		FY 2006-2007	Projected			
			As of 3/31/06		At 6/30/06		Recommended	Amount	Percent		
Miscellaneous Revenues	\$	0	\$	0	\$	316	\$	0	\$	(316)	-100.00%
Total Revenues		0		0		316		0		(316)	-100.00
Salaries & Benefits		572,930		704,321		721,600		609,144		(112,456)	-15.58
Services & Supplies		29,025		35,338		37,472		37,739		267	0.71
Total Requirements		601,955		739,659		759,072		646,883		(112,189)	-14.78
Net County Cost	\$	601,955	\$	739,659	\$	758,756	\$	646,883	\$	(111,873)	-14.74%

Proposed Budget Summary of Information Technology:

Revenues/Appropriations	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Charges For Services	\$ 47,855	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
Miscellaneous Revenues	414	0	0	0	0	0.00
Total Revenues	48,269	0	0	0	0	0.00
Salaries & Benefits	2,301,213	2,610,345	2,411,346	2,654,932	243,586	10.10
Services & Supplies	974,390	1,285,458	1,315,473	1,333,912	18,439	1.40
Intrafund Transfers	(88,614)	(132,350)	0	(1,573,285)	(1,573,285)	0.00
Total Requirements	3,186,989	3,763,453	3,726,819	2,415,559	(1,311,260)	-35.18
Net County Cost	\$ 3,138,720	\$ 3,763,453	\$ 3,726,819	\$ 2,415,559	\$ (1,311,260)	-35.18%

Proposed Budget Summary of Administration:

Revenues/Appropriations	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Charges For Services	\$ 308,446	\$ 372,312	\$ 403,871	\$ 399,820	\$ (4,051)	-1.00%
Miscellaneous Revenues	1,910	0	9,779	0	(9,779)	-100.00
Total Revenues	310,356	372,312	413,650	399,820	(13,830)	-3.34
Salaries & Benefits	678,776	667,146	776,670	890,947	114,277	14.71
Services & Supplies	693,426	598,740	749,641	452,313	(297,328)	-39.66
Intrafund Transfers	(286,606)	(236,200)	(128,653)	(243,402)	(114,749)	89.19
Total Requirements	1,085,597	1,029,686	1,397,658	1,099,858	(297,800)	-21.31
Net County Cost	\$ 775,241	\$ 657,374	\$ 984,008	\$ 700,038	\$ (283,970)	-28.86%